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# **Using ABC Information to Support Competitive Sourcing**

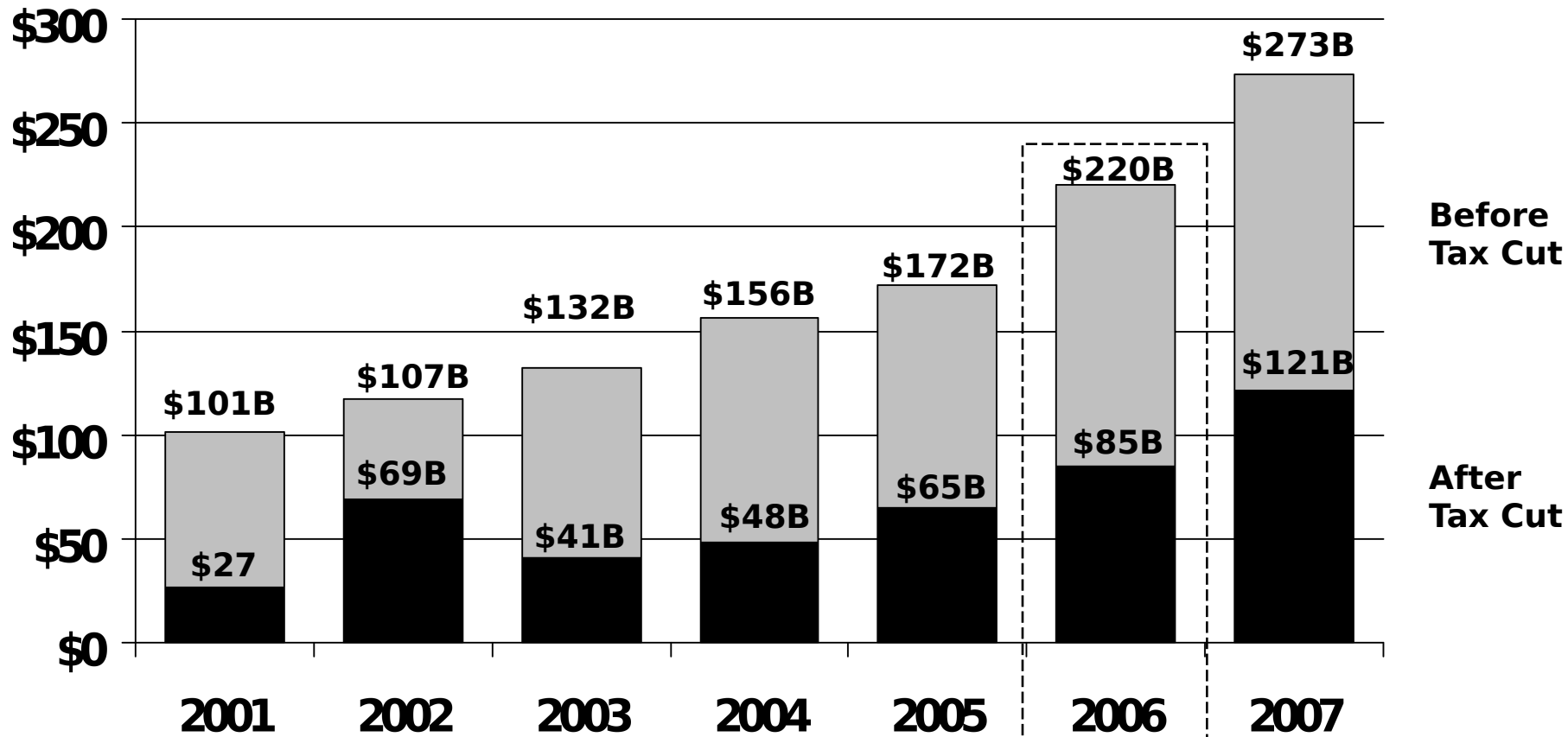
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**Business Performance Office Training, May  
2004**



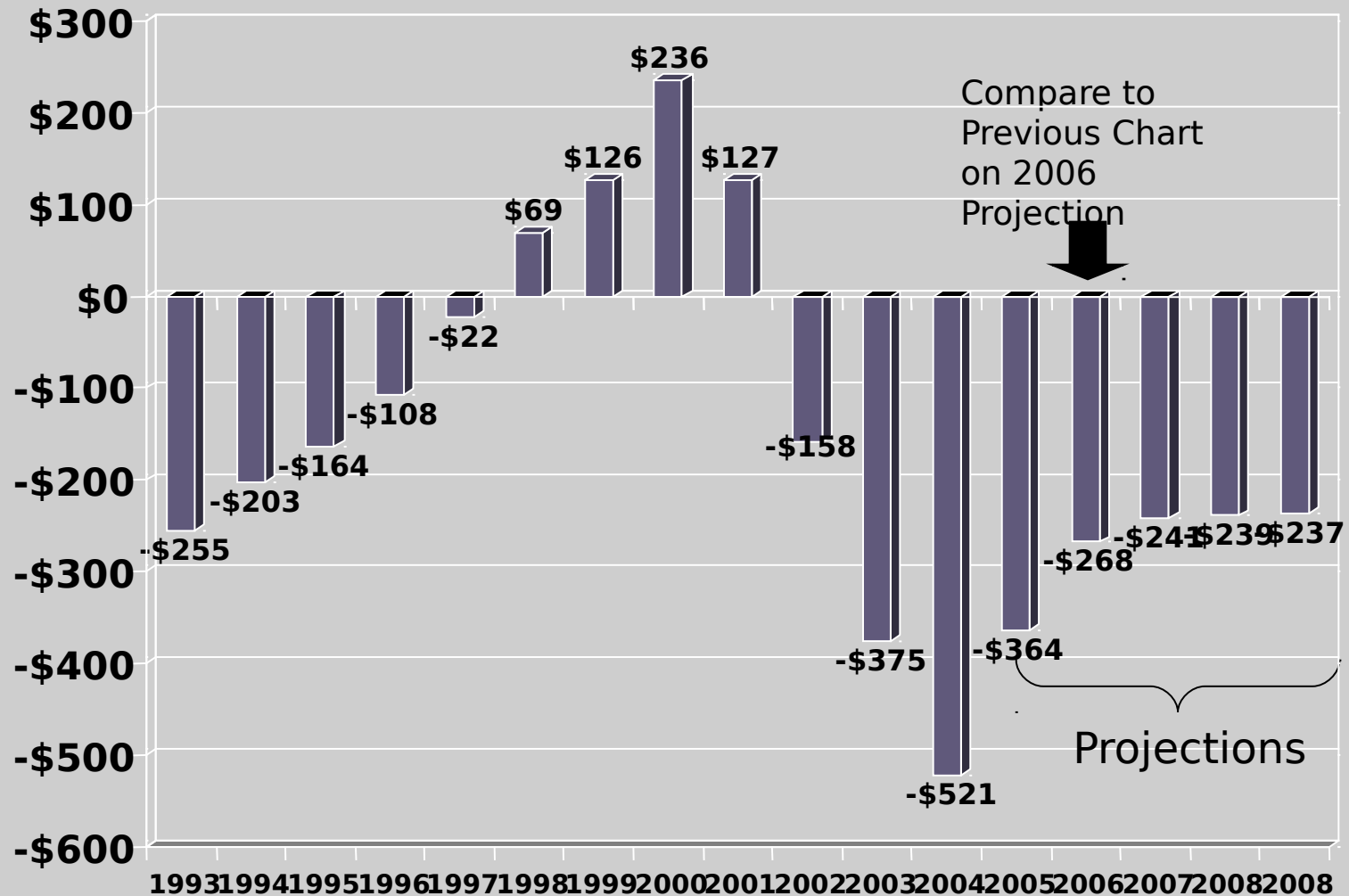
# Federal On-Budget/Non-Medicare Surplus



■ Bush tax cut eliminates \$700B (60%) of projected surplus thru 2007.  
(Source: Prudential Securities)



# Budget History and Projections



Source: OMB; CBO, Published by: USA TODAY



# Purpose / Methodology

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- Purpose
  - Assess Models to evaluate ABC information against Competitive Sourcing criteria
- Methodology
  - Developed definitions in accordance with:
    - USMC ABC/M Model Standards
    - OMB Circular A-76 dated 29 May 2003
    - CAM-I Glossary
  - Developed matrix assessment tool
    - Piloted and refined
  - Assessed Supply and Motor Transportation in three USMC OROS Models
  - Compared models, analyzed results, developed findings



# Competitive Sourcing Criteria

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- Preliminary Planning - Steps completed before the public announcement (start date) of a streamlined or standard competition
  - **Scope.** Determine the activities and full time equivalent (FTE) positions to be competed
  - **Grouping.** Conduct preliminary research to determine the appropriate grouping of activities
  - **Workload Data and Systems.** Assess the availability of workload data, work units, quantifiable output of activities or processes
  - **Baseline Costs.** Determine the activity's baseline costs as performed by the incumbent service provider



# Competitive Sourcing Criteria (Cont.)

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- Performance Work Statement - A statement of the technical, functional and performance characteristics of the work to be performed
  - **Workload Data.** List of activities required to be performed, activity outputs and volumes
  - **Performance Data.** A series of indicators, expressed in qualitative, quantitative or other tangible terms that indicate success factors for the performance requirement
  - **Technical Exhibits.** Support documentation for the PWS
  - **Quality Assurance Surveillance Plan (QASP).** Details the government's plan for monitoring service provider performance (surveillance)



# Competitive Sourcing Criteria (Cont.)

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- Agency Tender - Represents the Agency's proposed organization to meet solicitation requirements, identifies process / organizational improvements, defines structure and staffing of new / competitive organization, serves as the basis of the Agency Cost Estimate
  - **Historical Data.** Data from past performance or organizational production that provides insight into the relationship between organizational functions
  - **Quality Control Plan (QCP).** Operation and approach to ensure the Agency Tender's performance meets the quality standards required by the PWS



# Competitive Sourcing Criteria (Cont.)

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- Post Competition - Actions taken to ensure the service provider accomplishes both cost and quality targets as outlined in the Agency Tender
  - **Track Cost.** Actual expenditures to produce performance outputs as proposed by the agency tender
  - **Performance.** Indicators of the work performed and the results achieved in an activity, process, or organizational unit



# Assessment Matrix

| USMC ABC - COMPETITIVE SOURCING MODEL ASSESSMENT MATRIX |                            |                                | USMC ABC Model Criteria   |                  |              |                     |            |                  |                     |              |                       |  |  |
|---------------------------------------------------------|----------------------------|--------------------------------|---------------------------|------------------|--------------|---------------------|------------|------------------|---------------------|--------------|-----------------------|--|--|
|                                                         |                            |                                | RESOURCES                 |                  |              |                     | ACTIVITIES |                  |                     | COST OBJECTS |                       |  |  |
|                                                         |                            |                                | Validation Info           | Resource Drivers |              | Resource Attributes | ISP & OSA  | Activity Drivers | Activity Attributes | Customers    | Products and Services |  |  |
|                                                         |                            |                                | Financial Data            | Personnel        | Non-Pers     |                     |            |                  |                     |              |                       |  |  |
| OMB A-76 Data Requirements                              | PERFORMANCE WORK STATEMENT | Workload Data                  | Work Activities           |                  |              |                     |            |                  |                     |              |                       |  |  |
|                                                         |                            | Workload Volume                |                           |                  |              |                     |            |                  |                     |              |                       |  |  |
|                                                         |                            | Work Outputs                   |                           |                  |              |                     |            |                  |                     |              |                       |  |  |
|                                                         |                            | Performance Data               | Performance Standards     |                  |              |                     |            |                  |                     |              |                       |  |  |
|                                                         |                            |                                | Performance Conditions    |                  |              |                     |            |                  |                     |              |                       |  |  |
|                                                         |                            | Technical Exhibits             | GFP, Services, Facilities |                  |              |                     |            |                  |                     |              |                       |  |  |
|                                                         |                            |                                | Surveillance Methods      |                  |              |                     |            |                  |                     |              |                       |  |  |
|                                                         |                            | QASP                           | Surveillance Standards    |                  |              |                     |            |                  |                     |              |                       |  |  |
|                                                         |                            |                                | AGENCY TENDER             | Historical Data  | Process Maps |                     |            |                  |                     |              |                       |  |  |
|                                                         |                            | Staffing                       |                           |                  |              |                     |            |                  |                     |              |                       |  |  |
|                                                         | Production Rates           |                                |                           |                  |              |                     |            |                  |                     |              |                       |  |  |
|                                                         | Equipment                  |                                |                           |                  |              |                     |            |                  |                     |              |                       |  |  |
|                                                         | Materials                  |                                |                           |                  |              |                     |            |                  |                     |              |                       |  |  |
|                                                         | Facilities                 |                                |                           |                  |              |                     |            |                  |                     |              |                       |  |  |
|                                                         | Vehicles                   |                                |                           |                  |              |                     |            |                  |                     |              |                       |  |  |
|                                                         | Contracts                  |                                |                           |                  |              |                     |            |                  |                     |              |                       |  |  |
|                                                         | Training                   |                                |                           |                  |              |                     |            |                  |                     |              |                       |  |  |
|                                                         | Travel                     |                                |                           |                  |              |                     |            |                  |                     |              |                       |  |  |
|                                                         | Utilities                  |                                |                           |                  |              |                     |            |                  |                     |              |                       |  |  |
|                                                         | QCP                        | Customers, Products & Services |                           |                  |              |                     |            |                  |                     |              |                       |  |  |
|                                                         |                            | Quality Control Standards      |                           |                  |              |                     |            |                  |                     |              |                       |  |  |
|                                                         |                            | Quality Control Conditions     |                           |                  |              |                     |            |                  |                     |              |                       |  |  |



# Assumptions

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- All mandatory data elements as established in USMC model standards are included
- The models assessed provide a representative sampling of USMC operations
- Information in the models can be supported or validated from an established USMC system or other reliable source
- There are additional sources of information available at USMC installations that support Competitive Sourcing
  - Interactive Customer Evaluation (ICE), Balanced Scorecard (BSC), Process Maps



# Observations

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- Model variations
  - Model structure and naming conventions
  - Activity detail
  - Level of completion
  - Adherence to USMC model standards
- Approximately 50% of As-Is model information supports Competitive Sourcing on an aggregate basis
  - That doesn't mean they don't answer the mail for ABC
  - Elements of certain models support Competitive Sourcing at a higher level
  - Certain models support Competitive Sourcing better than others



# Motor Transportation Comparison

| USMC Motor Transportation     |                        |            |                 |            |                 |            |
|-------------------------------|------------------------|------------|-----------------|------------|-----------------|------------|
| COMPETITIVE SOURCING CRITERIA | USMC ABC Model Summary |            |                 |            |                 |            |
|                               | Model X                |            | Model Y         |            | Model Z         |            |
|                               | Evaluated Score        | Percentage | Evaluated Score | Percentage | Evaluated Score | Percentage |
| Preliminary Planning          | 39                     | 56%        | 36              | 51%        | 27              | 39%        |
| Scope                         |                        |            |                 |            |                 |            |
| Grouping                      |                        |            |                 |            |                 |            |
| Workload Data Systems         |                        |            |                 |            |                 |            |
| Baseline Cost                 |                        |            |                 |            |                 |            |
| Performance Work Statement    | 17                     | 33%        | 21              | 47%        | 9               | 20%        |
| Workload Data                 |                        |            |                 |            |                 |            |
| Performance Data              |                        |            |                 |            |                 |            |
| Technical Exhibit Data        |                        |            |                 |            |                 |            |
| QASP                          |                        |            |                 |            |                 |            |
| Agency Tender                 | 43                     | 39%        | 38              | 35%        | 29              | 26%        |
| Historical Data               |                        |            |                 |            |                 |            |
| Quality Control Plan          |                        |            |                 |            |                 |            |
| Post Competition              | 21                     | 42%        | 20              | 40%        | 18              | 36%        |
| Track Cost                    |                        |            |                 |            |                 |            |
| Performance                   |                        |            |                 |            |                 |            |
| Total                         | 120                    | 44%        | 115             | 42%        | 83              | 30%        |



# Supply Comparison

| USMC Supply                       |                        |            |                 |            |                 |            |
|-----------------------------------|------------------------|------------|-----------------|------------|-----------------|------------|
| COMPETITIVE SOURCING CRITERIA     | USMC ABC Model Summary |            |                 |            |                 |            |
|                                   | Model X                |            | Model Y         |            | Model Z         |            |
|                                   | Evaluated Score        | Percentage | Evaluated Score | Percentage | Evaluated Score | Percentage |
| <b>Preliminary Planning</b>       | <b>42</b>              | <b>60%</b> | <b>36</b>       | <b>51%</b> | <b>27</b>       | <b>39%</b> |
| Scope                             |                        |            |                 |            |                 |            |
| Grouping                          |                        |            |                 |            |                 |            |
| Workload Data Systems             |                        |            |                 |            |                 |            |
| Baseline Cost                     |                        |            |                 |            |                 |            |
| <b>Performance Work Statement</b> | <b>19</b>              | <b>42%</b> | <b>21</b>       | <b>47%</b> | <b>9</b>        | <b>20%</b> |
| Workload Data                     |                        |            |                 |            |                 |            |
| Performance Data                  |                        |            |                 |            |                 |            |
| Technical Exhibit Data            |                        |            |                 |            |                 |            |
| QASP                              |                        |            |                 |            |                 |            |
| <b>Agency Tender</b>              | <b>45</b>              | <b>41%</b> | <b>38</b>       | <b>35%</b> | <b>30</b>       | <b>27%</b> |
| Historical Data                   |                        |            |                 |            |                 |            |
| Quality Control Plan              |                        |            |                 |            |                 |            |
| <b>Post Competition</b>           | <b>23</b>              | <b>46%</b> | <b>22</b>       | <b>44%</b> | <b>18</b>       | <b>36%</b> |
| Track Cost                        |                        |            |                 |            |                 |            |
| Performance                       |                        |            |                 |            |                 |            |
| <b>Total</b>                      | <b>129</b>             | <b>47%</b> | <b>117</b>      | <b>43%</b> | <b>84</b>       | <b>31%</b> |



# To Better Support Competitive Sourcing...

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- All resources associated to a functional area (i.e. facilities, vehicles, utilities, training) should be included
- Resources should be consistently associated to Activities based on logical relationships
- Activities should be consistently associated to Cost Objects based on logical relationships
- USMC Model Standards should be consistently applied and followed
- Resources should be adequately described
- Activities should be clearly defined
- A method to identify QASP critical activities and sampling methods can be incorporated relatively easily



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# Questions / Discussion

